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OUTGOING TELEGRAM Department of State

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Origin

Info:

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DEPARTMENT OF STATE A/CDC/MR
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FOR: LOY

SUBJECT: CIVAIR

Following is based on uncleared ~~memorandum of conversation~~, subject to revision, FYI, and NOFORN.

1. Secretary called in Italian Ambassador afternoon May 15 and made following points:

a. We are concerned at way in which negotiations have gone and particularly by number of unrealistic proposals made by Italians regarding routes.

b. In response to Prime Minister's request to Vice President, we have reviewed matter in detail all the way to the top and USDEL will be making proposals on routes which we think generous.

c. Our proposals have been very carefully studied and are based on assumption that Italy will accept US position on capacity, multiple designation, and air cargo.

d. What is involved in negotiations is basically a commercial problem with motives on both sides being the same, i.e., each side wishes to do as well as it can. We believe political considerations must work in both

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OA - Mr. Bolster

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directions if solution is to be found. US has big, lucrative market, but while we provide two-thirds of passengers, US airlines only carry one third. Problem is that others wish to take a greater share of our market than they furnish themselves. This we cannot accept.

e. US will shortly make a proposal of major importance and we hope Italian Government can accept. We are coming XXX shortly to May 31 and we do not see what direction we can take to find a reasonable alternative to proposal on routes which USDEL will present.

f. Secretary concluded again stressing that matter had been carefully reviewed and had taken into account Prime Minister's talk with Vice President, and he hoped that USDEL proposal would produce agreement.

2. Italian Ambassador said he would convey Secretary's views faithfully to Rome, but he wished to say in all frankness that GOI had found US position on civil aviation matters to be QTE stubborn, uncompromising, and very hard. UNQTE US refusal to make improvements on 1948 agreement had been unjustified and US attitude had caused irritation. Ambassador said that if no agreement reached, there would be a serious flare-up in Italian public opinion.

3. It was agreed that if queried by press, Department and Italian Embassy would say Ambassador had been called in by Secretary to discuss civil aviation.

END

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